

Message Text

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ACTION EB-03

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P 281917Z APR 75

FM AMEMBASSY LIMA

TO SECSTATE WASHDC PRIORITY 4901

C O N F I D E N T I A L LIMA 3446

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FOR EB/TT/AV - STYLES

E.O. 11652: GDS

TAGS: EAIR, PE

SUBJECT: CIVAIR - DISPUTE WITH PERU - COMMENTS OF FOREIGN
MINISTER

REF: LIMA 3426

1. EMBASSY OFFICER HAD OPPORTUNITY EXCHANGE VIEWS ON CIVAIR PROBLEM WITH BOTH AMBASSADOR MARCHAND AND FOREIGN MINISTER DE LA FLOR AT RECEPTION GIVEN BY AUSTRALIAN PRIME MINISTER APRIL 25. WHILE MARCHAND TOOK CONCILIATORY POSITION, FOREIGN MINISTER ADOPTED HARD LINE.

2. IN RESPONSE TO QUESTION, MARCHAND SAID GOP HAD TAKEN NO ACTION WHATSOEVER ON CIVAIR MATTER SINCE AIRLINE TALKS BROKE DOWN APRIL 21. THIS IS PARTLY BECAUSE OF LACK OF COORDINATION AMONG MINISTRIES INVOLVED. FOREIGN MINISTRY IDEA IS TO FIND COMPROMISE, BUT WHO KNOWS IN WHAT DIRECTION AIR MINISTRY AND MINISTRY OF TRANSPORT ARE HEADED, MARCHAND ASKED RHETORICALLY. SOLUTION SHOULD CERTAINLY BE POSSIBLE SINCE TWO SIDES ARE SO CLOSE, WITH AEROPERU PROPOSING 24 FLIGHTS AND BRANIFF 26. EMBASSY OFFICER AGREED BUT NOTED THAT THERE WERE OTHER SERIOUS DIFFERENCES SUCH AS TERM OF AGREEMENT AND BRANIFF'S RIGHTS TO BRAZIL.
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MARCHAND DID NOT RESPOND SPECIFICALLY TO THESE POINTS.

3. FOREIGN MINISTER WAS MORE EXPANSIVE. WHEN EMBOFF RAISED SUBJECT, HE GAVE ENERGETIC, ALMOST LECTURING RESPONSE. HE BEGAN BY NOTING THAT BASIC PROBLEM STEMS FROM FACT THAT CIVIL AIR RELATIONS BETWEEN COUNTRIES ARE BASED ON OUTMODED AGREEMENT AND ON CONCEPTS THAT NO LONGER FIT CURRENT REALITIES. THIS WOULD HAVE TO BE CHANGED, ALTHOUGH IT IS LONGER-TERM PROBLEM. IMMEDIATE PROBLEM IS THAT BRANIFF HAS BEHAVED VERY BADLY (SIC.) BRANIFF REPRESENTATIVE SHOULD NOT MERELY HAVE GIVEN ULTIMATUM AND WALKED OFF WHEN PRESENTED WITH AEROPERU RESPONSE ON APRIL 21. AEROPERU WAS READY TO CONTINUE NEGOTIATING FOLLOWING DAY, BUT BRANIFF SIMPLY LEFT. EMBOFF SAID THIS WAS NOT EXACTLY THE CASE; BRANIFF BELIEVED IT HAD NO OTHER CHOICE. EMBOFF THEN REVIEWED EXCHANGE BETWEEN DE MURIAS AND GULMAN ON APRIL 21 IN WHICH GULMAN SAID SPECIFICALLY THAT AEROPERU RESPONSE CONSTITUTED REJECTION OF BRANIFF OFFER, THAT TERM OF AGREEMENT COULD BE FOR NO MORE THAN ONE YEAR, AND THAT BRANIFF WOULD HAVE TO GIVE UP BRAZIL. MINISTER RESPONDED THAT THESE ARE BASIC ELEMENTS FOR PERU TO WHICH BRANIFF WOULD HAVE TO ADOPT ITSELF AND ACCEPT. ONE YEAR IS THE MAXIMUM TERM PERU CAN ALLOW, AND BRANIFF CANNOT FLY TO BRAZIL--IT HAS NO RIGHT TO THIS TRAFFIC. EMBOFF REPLIED THAT AEROPERU CARRIES TRAFFIC BETWEEN BUENOS AIRES AND MIAMI; BRANIFF'S ROUTES TO BRAZIL AMOUNT TO THE SAME THING. MINISTER RESPONDED THAT AEROPERU IS READY TO OFFER BRANIFF THREE FLIGHTS TO BUENOS AIRES WHICH WOULD BE A TRADE OFF IN TERMS OF FIFTH FREEDOM TRAFFIC. TRAFFIC BETWEEN BRAZIL AND PERU, HOWEVER, BELONGS TO THE CARRIERS OF THESE TWO COUNTRIES AND NOT TO THIRD COUNTRY CARRIERS.

4. MINISTER THEN RETURNED TO THEME OF BRANIFF'S POOR NEGOTIATING TACTICS. PERU, HE SAID, IS INEXPERIENCED COMPARED TO THE U.S. IN NEGOTIATING WITH BIG, TOUGH FOREIGN COMPANIES. EMBOFF NOTED THAT, ON THE CONTRARY, PERU APPEARS TO HAVE DONE VERY WELL. MINISTER REPLIED THAT IN FACT HE PERSONALLY DOES KNOW HOW TO DEAL WITH U.S. COMPANIES; HE HAD BEEN INVOLVED IN DIFFICULT NEGOTIATIONS WITH ITT AND HAD GOOD PERSONAL RELATIONSHIP WITH CONFIDENTIAL

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ITT REPRESENTATIVES. TOUGH TALK COULD BE EXCHANGED, HE SAID, BUT NOT ULTIMATA. HE SAID HE KNOWS ALL ABOUT U.S. COMPANIES AND "FINAL OFFERS" AND HAD TOLD ITT NEGOTIATOR AT SIMILAR POINT IN THOSE DISCUSSIONS THAT HE WOULD NOT ACCEPT SUCH ULTIMATUM. ITT COULD ACT THAT WAY IN OWN COUNTRY, BUT NOT IN PERU WHICH IS SOVEREIGN AND WILL NOT BE DICTATED TO. HE HAD TOLD ITT NEGOTIATOR HE COULD LEAVE PERU WITH TALKS AT AN END IF THAT WAS HIS

POSITION. PRESENT CASE WITH BRANIFF IS THE SAME. EMBOFF RESPONDED THAT THIS WAS NOT IN FACT THE CASE WITH BRANIFF. BRANIFF HAD NOT BEEN INFLEXIBLE AND HAD IN FACT MOVED A GREAT DEAL, FROM 34 FLIGHTS TO 29 AND THEN TO 26. THIS IS SURELY FORTHCOMING. MINISTER BRUSHED THIS ASIDE AND CONTINUED WITH THEME, SAYING THAT NEGOTIATIONS CANNOT BE CARRIED OUT WITH INFLEXIBILITY, RAISED VOICES AND HARSH WORDS. THERE MUST BE DESIRE TO REACH ACCOMMODATION. EMBOFF SAID THIS IS PRECISELY U.S. POSITION--TO REACH ACCOMMODATION. WITH RESPECT TO NEGOTIATIONS THEMSELVES, EMBOFF NOTED, HE HAD QUITE ANOTHER IMPRESSION. AT ALL TIMES, IN BOTH GOVERNMENT AND AIRLINE CONVERSATIONS, CORDIAL, CORRECT AND FRIENDLY ATMOSPHERE HAS BEEN MAINTAINED DESPITE SERIOUS DIFFERENCES IN POSITION. MINISTER UNBENT SLIGHTLY, SEEMED PLEASED, AND COMMENTED THAT THIS IS THE WAY TALKS SHOULD BE CARRIED OUT.

5. FOREIGN MINISTER THEN NOTED THAT IN FACT HE HAD BEEN UNABLE TO GIVE MATTER HIS FULL ATTENTION. VISIT OF PRIME MINISTER WHITLAM WAS OCCUPYING ALL HIS TIME; WHEN SOLARI HAD TRIED TO REPORT TO HIM THE DAY BEFORE, HE HAD TO BRUSH HIM OFF. HE WOULD GET DOWN TO PROBLEM IN EARNEST ON MONDAY (APRIL 28).

6. COMMENT: MINISTER'S ATTITUDE, WHILE FORECEFUL, WAS CORDIAL THROUGHOUT AND CONVERSATION ENDED ON FRIENDLY NOTE. HOWEVER, THERE WAS LITTLE COMFORT TO BE GAINED FROM HIS WORDS, AND WE THINK IT SIGNIFICANT THAT THERE IS NO SIGN OF FLEXIBILITY AS FAR AS MINISTER IS CONCERNED ON KEY POINTS SUCH AS TERM OF AGREEMENT AND RIGHTS TO BRAZIL.

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